



# Open Enrollment Education



Kentucky Employees'  
Health Plan

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# Healthcare Flexible Spending Account

A HealthEquity Healthcare Flexible Spending Account (FSA) is a pre-tax benefit account used to pay for eligible *medical*, *dental*, and *vision* care expenses that aren't covered by your insurance plan or elsewhere.

It's a smart, simple way to save money while keeping you and your family health and protected.



# Why choose an FSA?

1

## Significant tax savings

Since each dollar you contribute to your FSA is tax-deductible<sup>1</sup> you could potentially save 30 percent or more on qualified medical expenses.<sup>2</sup>

2

## Get your money right away

You'll have access to the entire elected amount on the first day of the plan year. That means you can spend now and contribute later.

3

## Simple saving and spending

Pre-tax payroll contributions along with easy-to-use payment options make managing your account convenient and hassle-free.

4

## Spend beyond the doctor

Your FSA dollars can help pay for thousands of eligible medical expenses, including over-the-counter meds and menstrual care products.<sup>3</sup>

<sup>1</sup>FSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize FSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules. | <sup>2</sup>Based on average federal income and payroll taxes. Estimate for illustrative purposes only | <sup>3</sup>Eligible expenses may vary by plan design. Your employer determines which expenses are eligible for reimbursement. Please review plan documents carefully and consult your benefits team for a full list of eligible expenses. It is the member's responsibility to ensure eligibility requirements as well as if they are eligible for the expenses submitted.

# Healthcare Flexible Spending Account



## Get Your Money Right Away

Let's say you plan to contribute the max of **\$2,750** to your FSA.

You'll have access to the entire amount on the first day of the plan year.



## Keep Your Money Into the Next Plan Year

Don't worry about spending all your FSA dollars by the end of the year.

KEHP lets you **carryover up to \$550** of unused funds into the next year.



## Spend Beyond the Doctor's Office

You can use FSA dollars to cover a huge list of qualified medical expenses, including **over-the-counter meds** and **menstrual care products**.



# Health Reimbursement Arrangement (HRA)

A HealthEquity Health Reimbursement Arrangement (HRA) is an employer-sponsored benefit to reimburse for a wide variety of healthcare expenses, such as *physician office visits* and *pharmacy* expenses.

Funded entirely by your employer, this reimbursement benefit helps you make healthcare more affordable.

# CDHP Embedded Health Reimbursement Arrangement (HRA)

The Health Reimbursement Arrangement (HRA) is an account funded entirely by KEHP that you can use for eligible out-of-pocket medical expense reimbursement.

- Get reimbursed for a wide variety of healthcare expenses
- Bridge the gap on eligible healthcare expenses that you pay before insurance or any other reimbursement kicks in
- Unused HRA funds can be carried over to the next plan year up to a maximum carryover amount of \$7,500

## LivingWell Consumer Driven Health Plan CDHP HRA

KEHP contributes the following amount to your CDHP HRA

- \$500 for single coverage
- \$1,000 for couple, parent-plus and family coverage

## LivingWell Basic Consumer Driven Health Plan HRA

KEHP contributes the following amount to your Basic HRA

- \$250 for single coverage
- \$500 for couple, parent-plus and family coverage

# Waiver Health Reimbursement Arrangement (HRA)

Waive health insurance coverage and receive \$2,100 funded entirely by your employer.

- Get reimbursed for a wide variety of healthcare expenses
- Unused HRA funds can be carried over to next plan year up to a maximum carryover of
  - For 2021 to 2022 is \$2,100
- Half the total amount is funded on January 1, and the second half is funded on July 1

## Waiver HRA

Eligible expense include:

- Medical
- Dental
- Vision

## Waiver Limited Purpose HRA

Eligible expenses include:

- Dental
- Vision





# Healthcare Flexible Spending Account & Health Reimbursement Arrangements



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# Similarities of HCFSA & HRA



# Save on FSA eligible expenses



## Medical care

- Doctor visits
- Hospital services
- Prescriptions



## Vision

- Eye exams
- Prescription glasses/contacts
- Lasik surgery



## Dental

- Teeth cleaning
- Dental reconstruction
- Orthodontia



## Personal health

- OTC pain relievers
- Feminine care products
- Personal protective equipment\*

\*If used for the primary purpose of preventing spread of COVID-19



## Alternative care

- Chiropractic care
- Acupuncture
- Massage\*

\*May require letter of medical necessity

[Learn.HealthEquity.com/KEHP](https://Learn.HealthEquity.com/KEHP)

# Qualifying Child or Relative

- Spouse
- Dependent that you can claim on your tax return
- Adult child(ren) who will not attain age 26 by the end of the calendar year
- Members enrolled in the HRA will need to provide the dependents full SSN, Date of Birth, and certify that the dependent was covered under an ACA-Compliant Employer-Sponsored group health plan



Can be used to pay  
for eligible expenses  
of a qualifying child  
or relative, as  
defined by the IRS





No waiting –  
access to funds  
on the first day  
of your plan year



## Access to Funds January 1<sup>st</sup>

- Healthcare FSA members have access to your election amount as of January 1<sup>st</sup> in addition to your prior year carryover balance
- HRA members have access to the Employer Contribution based on the medical plan enrollment in addition to available rollover balances
  - CDHP HRA access to full amount Jan 1<sup>st</sup>
  - General-Purpose Waiver HRA and Waiver Limited Purpose HRA access to half amount Jan 1<sup>st</sup> and second half July 1<sup>st</sup>

# Differences of HCFSA & HRA



# Differences between HCFSA & HRA

## Healthcare Flexible Spending Account

- You decide how much to contribute to your Healthcare FSA, and the funds are withdrawn from each paycheck before taxes are deducted
- You save money utilizing pre-tax benefit – average 30% savings
- Contribution limit set by IRS – 2022 maximum contribution is \$2,750
- Carryover minimum of \$50 up to a maximum of \$550 from one plan year to the next.

## Health Reimbursement Arrangement

- KEHP contributes funds to the HRA (No contribution made by member)
- KEHP sets contribution amount based on medical plan enrollment and single or family status
- Perpetual Plan – Account balance rolls over from year to year when enrolled in the same plan (balance caps apply)



# Child & Adult Daycare Flexible Spending Account



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# Save \$1,500+

Families with ongoing childcare or elder care needs can save \$1,500\* or more every year on eligible expenses.

\*The example used is for illustrative purposes only; actual savings may vary. Estimated savings are based on an assumed combined federal and state income tax bracket of 30%. Actual savings will depend on your taxable income and tax status.



# Why choose a Child & Adult Daycare FSA?

- 1. Significant tax savings**  
Since each dollar you contribute to your DCFSA is tax-deductible<sup>1</sup> you could potentially save \$1500 on eligible medical expenses.<sup>2</sup>
- 2. Combine with an HCFSA**  
Pairing a DCFSA with a Healthcare Flexible Savings Account (HCFSA) allows you to maximize your pre-tax HCFSA contributions and contribute additional pre-tax dollars to your DCFSA.
- 3. Cover more than you think**  
Use DCFSA dollars to cover a wide variety of eligible dependent care expenses,<sup>3</sup> including: daycare, nursery school, and preschool; summer day camp; before or afterschool programs; elder daycare.

<sup>1</sup>FSA's are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize FSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules. Estimated savings are based on an assumed combined federal and state income tax bracket of 30%. Actual savings will depend on your taxable income and tax status. | <sup>2</sup> Estimate for illustrative purposes only | <sup>3</sup>Eligible expenses may vary by plan design. Your employer determines which expenses are eligible for reimbursement. Please review plan documents carefully and consult your benefits team for a full list of eligible expenses. It is the member's responsibility to ensure eligibility requirements as well as if they are eligible for the expenses submitted.

# Eligible Dependents

You can use your Child & Adult Daycare FSA to pay for the eligible dependent expenses of a qualifying child or relative.

Generally, a qualifying child or relative is:

- Under the age of 13
- Your spouse, adult relative, or adult child who is physically or mentally incapable of self care



# Conditions of Care

To be eligible for reimbursement under your Child & Adult Daycare FSA, the dependent care services must meet all these conditions:

- The care is provided to enable you to work or look for work
  - If married, the care is provided while your spouse also works, looks for work or goes to school full-time or spouse is incapable of self-care
- Dependent meets the definition of “qualifying person” (per IRS)
- Care provider conforms to state and local laws (including being licensed, if required and can provide his/her SSN or Tax ID Number)

# Save on Child & Adult Daycare FSA eligible expenses



## Childcare

- Before and after school programs
- Summer day camp
- Preschool
- Nursery school
- Sick childcare
- Babysitting (work-related)



## Elder care

- Elder day care
- Day nursing care
- Senior day care
- Work-related custodial elder care



## Care-associated

- Transportation costs to and from eligible care
- Late pick-up fees

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# Payment Options & Claims



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# Easy-to-Use payment options



## Pay Me Back

- Mobile, online, mail, fax
- Daily reimbursement
- 48-hour claims turnaround
- Check and direct deposit



## Pay By Card

- Convenience at point of service
- *Healthcare card should only be used on the date of service.*
- *Do not use your Healthcare card in 2022 to pay for expenses incurred in 2021.*



## Pay My Provider

- Online bill payment
- One-time or recurring

- **If you are enrolled in both FSA & HRA, your Healthcare FSA funds will be used first**
  - Healthcare FSA pays first to ensure you do not forfeit any of your payroll contributions.

# What's needed for reimbursement

Documentation that includes  
the following should be provided:

- ✓ Name(s) of provider
- ✓ Name(s) of patient
- ✓ Date(s) of service
- ✓ Description(s) of services
- ✓ Cost(s) of service



# Submitting Claims

- It's easy to use the money in your healthcare benefit account to pay for hundreds of eligible expenses
  - Log into your account via the web portal at [learn.healthequity.com/kehpb](http://learn.healthequity.com/kehpb)
  - Log into your account via the EZ Receipts® mobile app
- Complete the Healthcare Pay Me Back Claim Form along with your receipts submit to:
  - Fax to (877)353-9236
  - Mail to: Claims Administrator  
PO Box 14053  
Lexington, KY 40512



# Get started today!

- ## 1. Sign up

  - ✓ Open Enrollment:  
October 11<sup>th</sup> –  
October 29<sup>th</sup>
  - ✓ Go to  
[KEHP.KY.GOV](https://KEHP.KY.GOV)
  - ✓ You must actively  
enroll in the **FSA**  
plans and the  
**Waiver HRA** plans  
during OE
- ## 2. Contribute

  - ✓ Pre-tax  
through payroll
  - ✓ Equal amounts  
are generally  
taken from each  
paycheck
- ## 3. Use your funds

  - ✓ Pay with your  
HealthEquity® Card
  - ✓ Submit for  
reimbursement via  
the EZ Receipts  
mobile app
  - ✓ Remember to save  
ALL receipts

# Questions?

We're here for you 24/7

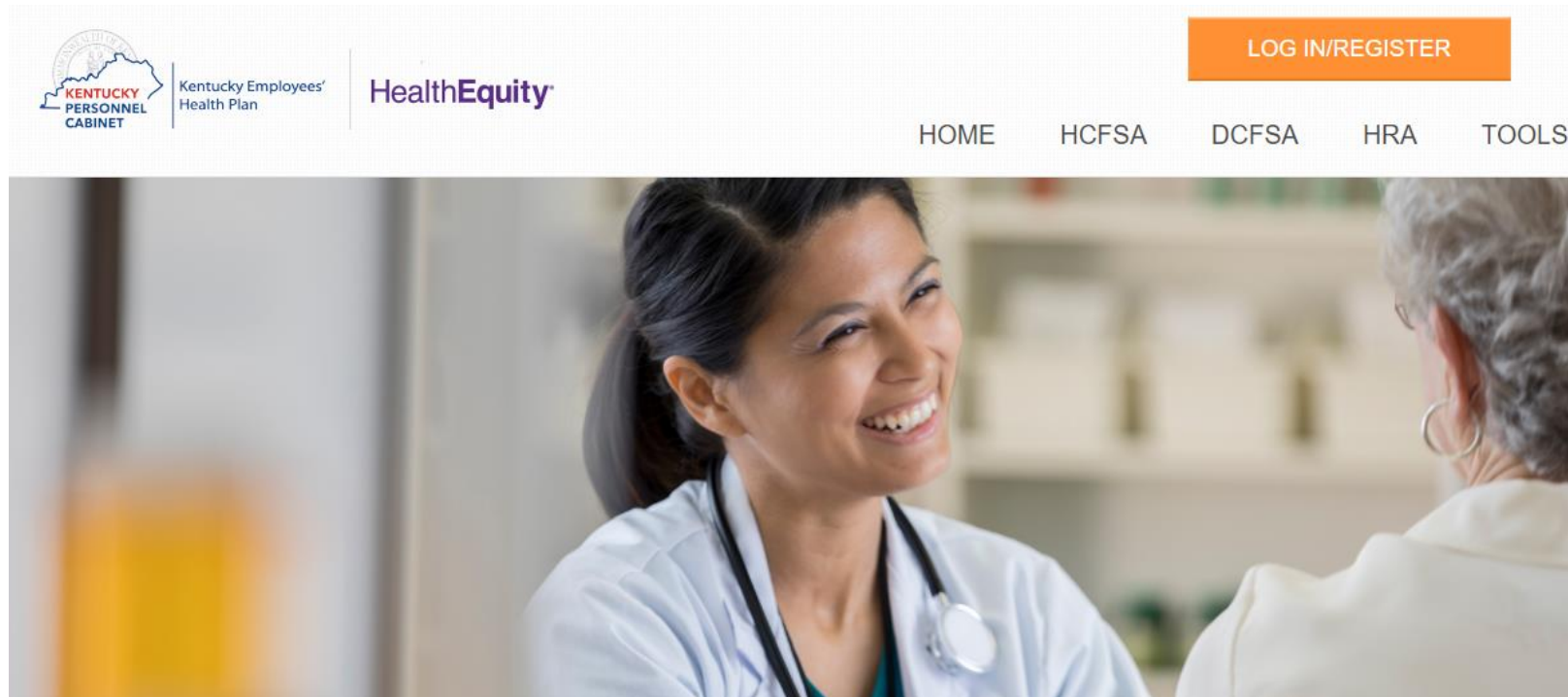
877-430-5519

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# Support Center

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- FAQs
- Tools
- Eligible Expense List
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